

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER: 03-0006
International Fuel Tax Agreement (IFTA)
For the Year 1999 and 2000

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ISSUES

I. IFTA – Sufficiency of documentation

Authority: IFTA.VII.R700; IFTA A550; IFTA P510; IFTA.R 540

The taxpayer protested the auditor's rejection of new fuel tax records prepared and submitted by taxpayer after an IFTA audit assessment was made based on taxpayer's original invoices.

STATEMENT OF FACTS

The taxpayer is a private carrier using vehicles for hauling. An IFTA fuel audit was conducted and taxpayer did not provide complete records for the audit review. The audit found that the origins and destinations listed on the taxpayer's pay records were coded into a computer system and the codes were not explained, nor was a key provided to the auditor. The mileage records did not include jurisdictional miles, routes, or odometer readings. The taxpayer also failed to maintain monthly and/or quarterly vehicle mileage summaries. The taxpayer failed to maintain all the fuel purchase receipts, instead the taxpayer divided the reported total miles by a predetermined MPG factor of 6.75 to determine the reported total gallons. The taxpayer also failed to maintain monthly and/or quarterly vehicle fuel summaries. The audit reviewed what records were available with an assessment resulting; taxpayer is protesting said assessment. Taxpayer's failed to appear for the scheduled hearing and this letter of finding was prepared based on information within the file.

I. IFTA – Sufficiency of documentation

DISCUSSION

The department, pursuant to an IFTA audit, requested taxpayer records pursuant to IFTA.Article VII, R700 requirements. After the assessment, taxpayer submitted a protest to the audit findings and assessment outlining three arguments against the assessment.

Taxpayer argues that by its calculations the fuel consumption used in the audit determination was incorrect. IFTA article A550 requires that in the absence of adequate records, a standard 4.00

MPG rate can be used to compute total fuel consumption. Given the absence of records to establish mileage and fuel consumption this was an appropriate method of calculation by the audit.

Taxpayer then argues that another entity was using, or leasing, the vehicles at issue. Taxpayer maintains that in the event of a lease arrangement that is silent as to tax duty, lessee, not taxpayer, is responsible for the taxes. Taxpayer does not reconcile this position with the requirements in IFTA P510:

Every licensee shall preserve the records for a period of four years from the due date of the return or the date filed, whichever is later. Such records shall be made available upon request by any member jurisdiction.

And IFTA R 540:

No member jurisdiction shall require the filing of such leases, but such leases shall be made available upon request of any member jurisdiction.

While IFTA does not address the tax burden in the event of a silent lease, taxpayer is explicitly directed within the code section cited to make copies of such leases “available upon request.” Taxpayer did not provide any record related to the alleged lessees. Given the incomplete proof of the leasing arrangements and the requirement to document such arrangements imposed by IFTA on taxpayer, taxpayer fails to shift the responsibility for these taxes to the entities it identifies as lessees.

Finally, taxpayer argues that the audit calculations are based upon presumptions that are at variance with industry norms. Taxpayer does not cite any IFTA provisions- nor explain- taxpayer’s protest based on “industry standards, ” and Department will note that a logical inference that industry standards would require compliance with IFTA record keeping requirements can be drawn.

Taxpayer arguments and evidence fail to provide proof that the assessment was either erroneous or excessive.

FINDINGS

Taxpayer’s appeal is denied.